

BUDGET, FINANCE & INVESTMENT COMMITTEE

May 12, 2009

5:30 P.M.

Courthouse

MINUTES:

Members Present:

Comm. Bob Bullen
Comm. Joe Frank Jernigan
Comm. Will Jordan
Comm. Robert Peay, Jr.
Comm. Steve Sandlin
Comm. Doug Shafer
Comm. Joyce Ealy, Chrm.

Others Present:

Ernest Burgess
Michael Payne
Bill Boner
Sonya Stephenson
Jim Cope
Jennifer Gerhart
Ben Mankin

Others Present:

John Lodl
Lois Miller
Lisa Nolen
Teb Batey
Bart Smith
Brian Robertson
Barbara Seivers

Others Present:

Doug Brown
Jeff Sandvig
Scott Broden
Elaine Short

Chairman Ealy presided and called the meeting to order at 5:30 P.M. with all members being present. The purpose of the meeting was to review individual departmental 2009-10 budgets in the General Fund.

Chairman Ealy advised that she had received numerous e-mails, letters and phone calls regarding the Mayor's recommendation for a property tax increase with many of the constituents and taxpayers asking the committee to consider other options to the property tax.

One suggestion was to look at people who do not own property but pay rent and use the county's services.

Comm. Shafer advised that the owner of duplexes, triplexes, quads, or apartment buildings were assessed at the rate of 40% on their property values the same as commercial property. Residential property is assessed at a rate of 25%. The owners of apartment buildings are paying more in property taxes than residential owners; and therefore, pass along this increase to the tenants.

Chairman Ealy advised that another concern was asking the commission to look at increasing the Wheel Tax.

The Finance Director advised that in order to increase the Wheel Tax, the County Commission had to vote to increase the Wheel Tax by a 2/3 majority vote at two consecutive County Commission meetings. The second way the County Commission could increase the Wheel Tax was by a simple majority vote of a Resolution calling for a referendum.

The Finance Director stated that when analyzing how much Wheel Tax could offset a property tax increase she reported that about four cents on the property tax rate would equal about ten dollars on the Wheel Tax. To generate the same amount of money as a 16 cents increase on the property tax, the Wheel Tax would need to be increased by approximately \$40.

Chairman Ealy advised that the other suggestion was to increase the local option sales tax.

The Finance Director advised that Rutherford County's local option sales tax was 2.75%, which was the maximum amount. She explained how the sales tax was distributed.

Mayor Burgess gave an explanation of the Streamlined Sales Tax, which he stated was not going anywhere, because the municipalities lobbied too strong against it.

Comm. Sandlin asked about the Real Estate Transfer Tax.

Mayor Burgess advised that the Real Estate Transfer Tax might have more possibilities than the Streamline Sales Tax. He stated that this would be an additional tax that the local governments would be collecting. He stated it would not take anything from the state or anything from the cities, and that it would be a tax that would be placed upon the people who were transferring the real estate. He advised that the County Powers Relief Act stated that nothing would be changed for four years, and he stated that he believed it had been three years.

Comm. Shafer asked Mayor Burgess where the county stood on employment. He stated that in December a memorandum was distributed stating that vacant positions would not be filled. He stated that it was also being proposed to eliminate 15 positions in the 2009-10 budget, and to add four or five positions including part time positions. He asked the mayor if there would be 15 fewer positions on July 1 than there were on January 1, 2009. He asked if there would be vacant positions now that would still not be filled on July 1.

Mayor Burgess advised that there were always positions that would come open, and that most of the time the choice had to be made to fill the positions. He stated that on July 1 there would be fewer positions filled than currently filled. He stated that there had been no increase to any positions during the course of this year, and a few positions had come open, and they had remained unfilled. He stated there was approval for some new positions during the current year that were never filled and some of those positions were being recommended to be eliminated in the 2009-10 budget.

Comm. Shafer asked if the same policy would be in effect next year.

Mayor Burgess stated that he believed that the policy to not fill vacant positions without his approval should flow forward. He stated that every position should continue to be looked at.

The Finance Director distributed information showing which departments generate revenue and which departments did not generate revenue.

Chairman Ealy advised that the County Mayor's recommendation for the General Fund, as currently presented, would require a 16 cents increase to the property tax rate increasing the allocation for the General Fund from 53 cents to 69 cents.

Mayor Burgess also advised that the budget, as currently presented, did not include any salary step increases. He reported that the budget did not include any furniture, fixtures or office equipment and no technology improvements. He stated that he did not believe much more could be done to travel or office supplies.

COMMUNITY LEARNING:

Dr. Michael Payne, Community Learning Center Director, was present to answer questions regarding the 2009-10 budget. The County Mayor's recommendation totaled \$236,035.

Dr. Payne advised that the budget was \$3,254 less than the previous year. Dr. Payne stated that he accepted Mayor Burgess' recommendation.

Comm. Jernigan moved, seconded by Comm. Sandlin to approve the Mayor's recommendation for the 2009-10 Community Learning budget totaling \$236,035. The motion passed unanimously by acclamation.

COUNTY COMMISSION:

The Mayor's recommendation for the 2009-10 County Commission budget totaled \$203,470, which was the same amount as the previous year and included one additional commission meeting.

Comm. Jernigan moved, seconded by Comm. Bullen to approve the Mayor's recommendation for the 2009-10 County Commission budget totaling \$203,470. The motion passed unanimously by acclamation.

BOARD OF EQUALIZATION:

Mr. Bill Boner, Property Assessor, was present to answer questions regarding the 2009-10 Board of Equalization budget. The County Mayor's recommendation totaled \$23,270. Mayor Burgess

advised that the budget reflected a \$2,500 increase due to anticipated reappraisal appeals next year.

Comm. Bullen moved, seconded by Comm. Sandlin to approve the Mayor's recommendation for the 2009-10 Board of Equalization budget totaling \$23,270. The motion passed unanimously by acclamation.

PROPERTY ASSESSOR AND REAPPRAISAL:

Mayor Burgess advised that the property assessor was experiencing some interesting times. He stated that Mr. Boner's office was doing a substantial amount of work on the Tax Relief Program and the Tax Freeze Program. Layered on top of that was the reappraisal that was taking place.

Mr. Boner also advised that the workload had increased due to the tornado, and the affected properties had to be revalued.

Mayor Burgess advised that the state had instructed Mr. Boner to review all of the parcels that had been put in the greenbelt, which totaled almost seven thousand parcels, and it was taking a substantial amount of effort to do that. Mayor Burgess advised that since he had made his recommendation, there had been several discussions about the 2009-10 Property Assessor budget and about their ability to perform. He stated that the additional property taxes to be collected because of reviewing the greenbelt properties would be substantial.

The Finance Director advised of changes to both the Property Assessor and the Reappraisal budgets. She advised the request was to add an Appraiser I to both budgets for one-half year.

Mayor Burgess advised that the positions would be part time, temporary positions through December 2009 to help with the additional work and would add an additional \$13,972 to Account 101-52300-106, Deputies.

The Finance Director advised that there was also a request to upgrade a position.

Mayor Burgess advised that he was recommending that an Administrative Support position be upgraded to an Appraiser I position. He advised that he was not recommending that the Administrative Support position be filled, but that the position was being converted to an Appraiser I. He advised that would be an increase of \$6,836 to Account 101-52300-106, Deputies.

The recommendation was that Account 101-52300-106, Deputies, be increased from \$845,812 to \$866,620. Including the related benefits the 2009-10 Property Assessor's recommended budget totaled \$1,719,432.

In the 2009-10 Reappraisal budget, Account 101-52310-106, Deputies, was increased from \$320,149 to \$334,121. Including the related benefits, the revised total for the 2009-10 Reappraisal budget was \$607,026.

Comm. Jernigan moved, seconded by Comm. Sandlin to approve the 2009-10 Property Assessor budget as revised totaling \$1,719,432 and the 2009-10 Reappraisal budget as revised totaling \$607,026 adding a temporary Appraiser I to each budget through December, 2009 and upgrading an Administrative Support position to an Appraiser I position.

Mr. Boner advised that the state was going to send a person to help with the reappraisal, as well. He reported that only about 37% of the reappraisal had been done. He stated that his employees would have to use their personal vehicles for some of the reappraisal, because he was short on vehicles. One vehicle was included in the 2009-10 Reappraisal budget.

The Finance Director also advised that the cities were billed every four years for their portion of the reappraisal.

Following discussion, the motion to approve the 2009-10 Property Assessor budget totaling \$1,719,432 and the 2009-10 Reappraisal budget totaling \$607,026 as revised passed by acclamation with Comm. Shafer voting "pass".

COUNTY MAYOR:

The 2009-10 County Mayor budget totaled \$355,256, which was \$630 less than the previous year.

Comm. Sandlin asked if there was an adjustment to the County Officials' salaries.

Mayor Burgess advised that the only officials that would be receiving an increase were the General Sessions Judges, and that was by a separate statute. The other elected officials were not receiving any increases to their salaries.

Comm. Jordan moved, seconded by Comm. Sandlin to approve the 2009-10 County Mayor's budget totaling \$355,256 as recommended. The motion passed unanimously by acclamation.

HUMAN RESOURCE:

Mrs. Sonya Stephenson, Human Resource Director was present to answer questions regarding the 2009-10 Human Resource budget. The Mayor's recommendation was \$185,188.

Mrs. Stephenson advised that the budget was \$7,900 less than the previous year. Salaries, primarily Part Time Personnel, were reduced by \$5,200, and all other non-salary related items were reduced by \$2,700. She advised that the total budget was reduced by 4.1%.

Comm. Bullen moved, seconded by Comm. Jernigan to approve the 2009-10 Human Resource budget as recommended by the County Mayor totaling \$185,188. The motion passed unanimously by acclamation.

COUNTY ATTORNEY:

Mr. Jim Cope, County Attorney, was present to answer questions regarding the 2009-10 County Attorney budget. The Mayor's recommendation totaled \$262,073.

Comm. Peay stated that the County Attorney's budget was based on the attorneys in the office who attended county meetings, but if the county had to be represented in court, the County Commission did not see that charge. He stated he would like to see, at least once a year, the total attorney fees that the county paid.

Mayor Burgess advised that an analysis of legal fees had been prepared for the Steering Committee, which included Mr. Cope's fees and all other fees. He stated a copy of the report could be provided.

The Finance Director advised that the expenses for the legal fees appeared largely in the Judgment Accounts throughout the budget and in the Workers' Compensation Accounts. Those funds are transferred into the Workers' Compensation Fund and the Self-Insured Fund where they are paid out.

Comm. Bullen asked Mr. Cope to explain what the county got for the money provided, and where that stopped and he began billing the county.

Mr. Cope explained that when the County Attorney's Office would bill the county it would be similar to when defense counsel for the county would bill. When the county gets sued for liability claims, whether they are auto accidents, prisoner lawsuits, federal litigation, etc. and his office has to go into court to defend the county, they handle that on a time basis. He stated that his office was one component of that. He explained that there were Nashville lawyers and lawyers from other places that defend the county. He explained that the costs have increased,

because several years ago the decision was made to reduce the cost of insurance and raise the deductible. He stated that claims used to be handled for a \$10,000 deductible, and for anything over \$10,000 there was insurance to cover the costs. To go along with that was a correspondingly high insurance premium. A decision was made financially a number of years ago to try to lower the cost of insurance, but it automatically raised the county's exposure to judgments and attorney's fees. He stated that now the county was looking at retained liability limits on any given case of potentially up to \$350,000 a case. That means the county has to pay the first dollars on a claim up to the deductible maximum, which in most instances is \$350,000. The county is now paying out of pocket a substantial portion of the claims, because the county has chosen to be self-insured. He stated that would have to be measured against the saving on insurance costs, because presumably the cost of the insurance premium is now considerably less than it would be if the county was paying the first dollar or low deductible. He stated there was no way to project the number claims that were going to come through.

Comm. Bullen stated that a lot of people thought it would be best for the county to have a full time attorney's office. He asked Mr. Cope why it was best for the county to operate the way it was currently operating.

Mr. Cope stated that he thought that was an evaluation that the Mayor was going to be doing with the Steering Committee. Mr. Cope stated that for what he does, the county got one attorney, one full time secretary and one full time secretary to work on back taxes. He stated that he believed for any full time operation, the county would probably be looking at six to eight full time people. He stated he thought Hamilton County's budget for a full time Legal Department was approximately \$600,000 to \$800,000. Williamson County's budget was approximately \$540,000, and they do not have a full time legal staff. They use outside counsel.

Mr. Cope stated that his office provided for anything that was non-litigation. He stated that his office reviews contracts constantly, they get numerous phone calls daily from departments wanting advice and assistance on reviewing matters, attending meetings, etc. He stated that he tried to keep that in one package to say that is what the county had to have to provide top quality, efficient and effective legal advice. He stated that he believed the county received extremely effective legal advice and assistance. Secondly, the county receives efficiencies and economies on a budget of \$260,000 versus \$850,000 to \$900,000 for a full time department.

Following discussion, Comm. Jordan moved, seconded by Comm. Sandlin to approve the 2009-10 County Attorney budget as recommended by the County Mayor totaling \$262,073. The motion passed unanimously by acclamation.

REGISTER OF DEEDS:

Mrs. Jennifer Gerhart, Register of Deeds was present to answer questions regarding the 2009-10 budget with the County Mayor's recommendation being \$103,650.

Comm. Bullen moved, seconded by Comm. Jernigan to approve the County Mayor's recommendation for the 2009-10 Register of Deeds budget totaling \$103,650. The motion passed unanimously by acclamation.

Mrs. Gerhart advised that only \$45,457 of the budget was funded from the General Fund. The remainder was funded through data processing fees.

COUNTY BUILDINGS:

Mr. Ben Mankin, Maintenance Supervisor, was present to answer questions regarding the County Mayor's recommendation for the 2009-10 County Buildings budget totaling \$1,726,581.

Mayor Burgess advised that in the previous year funding was provided in the amount of \$34,653 for an Assistant Director position. He advised that the position was never filled, and he was recommending that the position be eliminated. The Part-Time Personnel Account reflected an increase, because more responsibility was being placed on the department for mowing, in

particular Mr. Mankin's department will be responsible for the mowing at the Lane Agri-Park. Mayor Burgess advised that the county would be giving up a contract for mowing that cost approximately \$14,000.

Account 51800-707, Building Improvements, showed an increase over the prior year from \$60,000 to \$185,000. Mr. Mankin explained that the increased funding would be used to replace fire alarm systems in the Judicial Building and the Goldstein Building.

Comm. Jernigan noted that the request for building improvements was \$342,592, and he asked Mr. Mankin what items were not being funded.

Mr. Mankin advised that he had originally requested funding for landscape irrigation systems at the Old Health Department and at the Juvenile Detention Center and the Correctional Work Center, remodeling of a building on Maple Street for a CareHere Clinic, repaving and striping at the Armory, resurfacing the steps at the Armory, and handrails at the Armory. These items were not being funded this year. Mr. Mankin advised that these were all cosmetic items.

Mr. Mankin advised that one big item that was included in the budget was enlarging and paving the parking lot at the Adult Activity Center. When this is done, the same thing will be done for the Vocational Training Center.

Following discussion, Comm. Sandlin moved, seconded by Comm. Jernigan to approve the 2009-10 County Buildings budget as recommended by the County Mayor totaling \$1,726,581. The motion passed unanimously by acclamation.

Mayor Burgess advised that when the economy recovered, perhaps in a year or two, Mr. Mankin needed help and he hoped to be able to fill the Assistant Director position at some point.

ARCHIVES:

Mr. John Lodl, Archives Director, was present to answer questions from the committee regarding the 2009-10 Archives budget as recommended by the County Mayor totaling \$103,306. Mayor Burgess advised that Mr. Lodl ran a very efficient department.

Mr. Lodl advised that the budget reflected a reduction of \$22,760, because a \$19,885 piece of equipment was purchased in the current year, and that funding would not be needed next year.

Comm. Bullen moved, seconded by Comm. Jernigan to approve the 2009-10 Archives budget as recommended by the County Mayor totaling \$103,306. The motion passed unanimously by roll call vote.

INSURANCE DEPARTMENT:

Mrs. Lois Miller, Insurance Director, was present to answer questions regarding the 2009-10 Insurance Department budget.

Mayor Burgess advised of changes that needed to be made to the budget. He explained that earlier in the year the full time safety trainer transferred from full time to part time status.

Mrs. Miller advised that she used the available hours to make a part time employee full time. She stated that during that time she also had help from MTSU interns on a volunteer basis.

Mayor Burgess advised that the employee has resigned, and it was proposed to take the part time safety trainer position to full time. It was recommended that Account 101-51920-169, Part Time Personnel, be reduced from \$34,000 to \$6,000, and Account 101-51920-189 – Other Salaries & Wages, be increased from \$46,689 to \$83,912. It was also proposed to add a new line item, 101-51920-191, Board and Committee Members Fees, at a cost of \$8,400 in order to compensate the

non-employee members of the Insurance Committee. Including the related benefits, the revised total for the Insurance Department 2009-10 budget was \$434,377.

Mrs. Miller advised that the recommended budget reflected a 2.6% increase over last year. She explained that her budget was 95% personnel related and only 5% non-personnel related. She advised with changing the part time trainer to full time and by adding the Board and Committee Members fees that was an 8% increase to the personnel related items. The non-personnel related items reflected a decrease from last year of 47.2%.

The Finance Director advised that the revisions to the expenditures would also add an additional \$33,363 to revenue, because the Insurance Department was funded by transfers from the Employee Insurance Fund and the Workers' Compensation Fund.

Following review, Comm. Jernigan moved, seconded by Comm. Bullen to approve the 2009-10 Insurance Department budget as revised totaling \$434,377. The motion passed unanimously by acclamation.

FINANCE DEPARTMENT:

Mrs. Lisa Nolen, Finance Director, answered questions regarding the 2009-10 Finance Department budget as recommended by the County Mayor totaling \$880,954. The budget reflected an \$8,000 reduction from the previous year, which was achieved by the elimination of funding for any new equipment.

Comm. Bullen moved, seconded by Comm. Jordan to approve the 2009-10 Finance Department budget as recommended by the County Mayor totaling \$880,954. The motion passed unanimously by acclamation.

COUNTY TRUSTEE:

Mr. Teb Batey, Trustee, was present to answer questions regarding the 2009-10 Trustee's budget as recommended by the County Mayor totaling \$69,450, which was a decrease from the previous year of \$14,150.

Comm. Bullen moved, seconded by Comm. Peay to approve the 2009-10 Trustee's budget as recommended by the County Mayor totaling \$69,450.

Comm. Peay asked Mr. Batey if he had enough employees to handle the additional workload as a result of the Tax Relief Program and the Tax Freeze Program.

Mr. Batey advised that he appreciated the ladies in his office, as they have worked together well to help each other. He said that as they went through the application process for the Tax Freeze Program, they developed a list so those people could be contacted next year to set up an appointment. He stated that he thought this would help them to manage the flow of customers without adding additional employees. He stated that they were already making appointments for people to come into the office in the summer.

Following discussion, the motion to approve the 2009-10 Trustee's budget as recommended by the County Mayor totaling \$69,450 passed unanimously by acclamation.

COUNTY CLERK:

Mr. Bart Smith, Wheel Tax Officer, was present to answer questions regarding the 2009-10 County Clerk budget as recommended by the County Mayor totaling \$171,200, which was a reduction of \$6,900 from the previous year. The reduction was accomplished by the elimination of Communication Equipment, Data Processing Equipment, and Office Equipment.

Comm. Jernigan moved, seconded by Comm. Sandlin to approve the 2009-10 County Clerk budget as recommended by the County Mayor totaling \$171,200. The motion passed unanimously by acclamation.

GEOGRAPHIC INFORMATION SYSTEMS:

Mr. Brian Robertson, Information Technology Director requested approval of the following budget transfer to cover Overtime Pay due to hours worked during the April 10 tornados:

From: 101-51760-169 – Part Time Personnel -	\$1,000
To: 101-51760-187 – Overtime Pay -	\$1,000

Comm. Sandlin moved, seconded by Comm. Jordan to approve the budget transfer for the Geographic Information Systems Department as requested. The motion passed unanimously by roll call vote.

Mr. Robertson next answered questions regarding the 2009-10 Geographic Information Systems budget as recommended by the County Mayor totaling \$821,292, which was a decrease of \$140,426 from the previous year.

Mayor Burgess advised the budget had been reduced largely due to the reduction of the flyover from \$500,000 to \$360,000.

Mr. Robertson advised that a spring flyover was being done. He stated that he was trying to get in sync with the Property Assessor's Office for the high resolution flight. He stated that basically they have skipped a year on the flyover, which allowed a reduction in the current year budget from \$500,000 to \$151,000. The 2009-10 request was reduced, because there was an actual bid in hand that has been accepted for a five-year data acquisition.

Comm. Shafer asked if a request had been made to the City of Murfreesboro about the opportunity to partner with the county.

Mr. Robertson advised that a request had been made to the City of Murfreesboro, and the preliminary indication was that they would be participating to some measure. He advised that CUD also contributed \$50,000 as well as the Federal Government would be contributing \$15,000, and the 911 Board of Directors contributed \$50,000. He reported that he also anticipated \$12,000 from the sale of maps.

Following discussion, Comm. Jordan moved, seconded by Comm. Shafer to approve the 2009-10 Geographic Information Systems budget as recommended by the County Mayor totaling \$821,292. The motion passed unanimously by acclamation.

INFORMATION TECHNOLOGY:

Mr. Robertson answered questions regarding the 2009-10 Information Technology budget as recommended by the County Mayor totaling \$1,423,363, which was a reduction of \$18,610 from the previous year.

Mayor Burgess advised that Account 101-52600-709 reflected an increase over the prior year from \$168,582 to \$183,000. The increase will allow a pool of money to be available to purchase technology in case any department needed access to data processing equipment during the year.

Mr. Robertson provided an explanation of Account 101-52600-334, Maintenance Agreements, which reflected a reduction from \$71,500 to \$45,000. He explained that this account paid maintenance agreements primarily on hardware such as servers including shared servers across the county and the financial server. He advised that a reduction in the account was accomplished because this was the fourth year of the enterprise agreement for the Microsoft licenses.

Following discussion, Comm. Jernigan moved, seconded by Comm. Peay to approve the 2009-10 Information Technology budget as recommended by the County Mayor totaling \$1,423,363.

Mr. Robertson stated that he fully agreed with the recommendation; however, he stated that the further behind the county got in technology areas, the further behind they would be. He stated this would be like not replacing any vehicles at the Sheriff's Office for a couple of years. The old equipment was getting older. He explained that new equipment required freshly trained employees, but the training budget was being reduced, as well. He stated that the Technology Department had to provide equipment, the people to maintain the equipment, and the training for the employees who maintain the equipment. He requested that as the economy recovered, he would like recovery in the technology area and to restore the budget to where it would have been had the reductions not have been made and to add what would have been added on a normal basis.

Following discussion, the motion to approve the 2009-10 Information Technology budget as recommended by the County Mayor totaling \$1,423,363 passed unanimously by acclamation.

ADJOURNMENT:

Comm. Bullen asked about the 4.5% delinquency rate regarding property tax collections and if the county could be more aggressive in trying to reduce that amount.

The Finance Director advised that the delinquency rate related to the first year of current property taxes.

Mayor Burgess advised that by the time the delinquent property taxes got into the third, fourth, or fifth year, the collection rate would be at 99.5% plus. He stated that the money would be collected at a slower rate, but it would be collected.

Comm. Jordan also noted that penalty and interest was paid on the delinquent property taxes.

The next Budget Committee meetings will be May 18 and May 19 at 5:30 P.M.

There being no further business to be presented at this time. Chairman Ealy declared the meeting adjourned at 6:55 P.M.

Elaine Short, Secretary